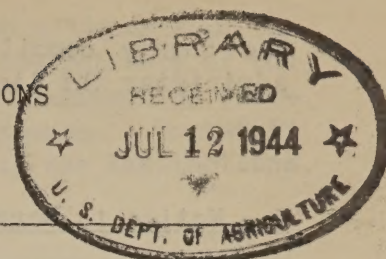


1.42
Ad 4 Cmth
Reserve

GENERAL GRAIN LOAN LIQUIDATION INSTRUCTIONS



A - FARM-STORAGE LOANS

	<u>Page</u>
I Notice to Borrower	2
II Borrowers' Liquidation Options	2
(a) Liquidation by Payment	2
(b) Liquidation by Delivery	2
1-Notice to Deliver	2
2-Disagreement as to Grade of Grain Delivered	3
3-Disagreement as to Protein Content of Wheat Delivered	3
4-Payment of Laboratory Fees in Disputed Grade or Protein Determinations	4
(c) Liquidation by Extension	4
(d) Settlements	4
1-Deficiencies	4
2-Credits	4
III Local Elevator Agreements	4
IV Payment to Producers for Track Loading	5
V Elevator Receipts, Scale Tickets or Certificates	5
VI Shipping Instructions and Warehousemen's Reports	5
(a) Notice	5
(b) Bills of Lading	5
(c) Reports of Warehousemen	6
(d) Shipments by Truck or Barge to Terminal and Subterminal Warehouses	6
VII Sales of Collateral by County Committee	6
VIII Report of Settlement for Farm-Storage Loans	6
Heading of Form W	7
Section I	7
Section II	7
Section III	7
Section IV	8

B - WAREHOUSE-STORAGE LOANS

I Notice to Borrower	9
II Borrowers' Liquidation Options	9
(a) Liquidation by Payment	9
(b) Extension	10
(c) Failure to Elect Option (a), or Option (b) if Available	10

C - RECORDS AND REPORTS

10

D - RETURN OF FARM-STORAGE LOAN DOCUMENTS

10

The county committee, under the supervision of the State committee will administer the liquidation program within their respective counties.

A - Farm-Storage Loans

I - Notice to Borrower

The county committee, by circular letter, shall notify each borrower having an outstanding farm-storage loan of the maturity date of such loan and explain the liquidation options available. For the purpose of informing the county committee of the borrower's intention, a return addressed franked card with producer's name, type of loan and loan serial number indicated thereon shall be enclosed with the circular letter. The letter and card should be mailed to each borrower not later than 30 days prior to maturity. Sample copies of suggested letter and card will be furnished.

II - Borrowers' Liquidation Options

(a) Liquidation by Payment. A producer having a loan on farm-stored grain may redeem such collateral by paying the amount of the loan plus accrued interest and any unearned storage payment advanced at the time the loan was made or extended, plus interest thereon in accordance with the terms of the chattel mortgage or supplement thereto. The producer's check cashier's check, bank draft or money order for the full amount of payment may be mailed direct to the agency holding the note. In the event Commodity Credit Corporation holds the note, the Corporation will, upon request, return the note to a local bank for collection.

In the event the proceeds of the sale of the collateral are needed to pay the loan, the producer may contract for the sale of the grain in the bin or crib, secure a check payable to the holder of the note for the full amount of payment due and deliver this check to the county committee. If the check is for the correct amount due, the committee will then authorize the delivery of the collateral to the purchaser and forward the check to the holder of the note. In the event the producer is unable to make such a contract, the county committee may authorize the producer to deliver the collateral to an approved local elevator for the purpose of sale, provided all parties concerned understand that such is mortgaged grain and the purchaser agrees to transmit, through the county committee, funds payable to the holder of the note for the full amount of payment due.

(b) Liquidation by Delivery.

1 - Notice to Deliver. When the borrower notifies the county committee that he intends to deliver his farm-stored collateral, he shall also advise the county committee of the name of the warehouse or elevator to which he desires to deliver. Such warehouse or elevator shall be one approved by Commodity Credit Corporation and shall be located at the delivery

point designated in the chattel mortgage. On or after maturity date of the loan, the county committee shall determine the date and place delivery of the grain is to be requested, keeping in mind the necessity for assembling quantities of like grade, class and subclass, for carlot shipments. Commodity Loan-15 shall be prepared and distributed in accordance with the instructions contained on the form.

The producer should deliver the collateral in accordance with instructions contained on Commodity Loan-15. The warehouseman shall secure a representative sample from each lot of grain delivered and identify the sample by the producer's name, the seal number of the bin or crib, and the serial number of the loan. If the warehouseman and the borrower agree as to the grade (and protein content for wheat) of grain delivered, Section I, Producer and Warehouseman's Grade Certification, on Commodity Loan-15 shall be executed and signed by both the warehouseman and the borrower. A storage receipt or certificate shall be prepared by the warehouseman indicating the grade (and protein content for wheat) and the number of bushels delivered by the borrower for the account of Commodity Credit Corporation. The storage receipt or certificate or scale tickets, together with Commodity Loan-15, shall be delivered to the county committee. If the grade agreed upon is lower than the grade shown on the loan documents, a representative sample, properly identified, shall be forwarded to the county committee with Commodity Loan-15 and attachments. The county committee will hold such sample until satisfied there is no dispute in connection with the grade.

2 - Disagreement as to Grade of Grain Delivered. If the borrower and warehouseman are unable to agree as to the grade of grain delivered, Commodity Loan-15, with Section II properly executed, shall be delivered to the county committee, together with the sample of the grain. The county committee shall divide the sample into two equal parts and forward one part to a Federally licensed grain grading laboratory for grade determination. If this grade determination is satisfactory to the warehouseman and the borrower, final settlement will be made on the basis of such determination. In the event of further disagreement as to the grade of grain delivered, the county committee, upon request of the warehouseman or borrower, or both, shall forward the remaining sample to a Federal grain supervision office for grade determination. The warehouseman and borrower will consider this grade final and the warehouseman shall issue and deliver to the county committee a storage receipt or certificate representing the grain delivered under the terms of the chattel mortgage.

3 - Disagreement as to Protein Content of Wheat Delivered. If the producer and warehouseman are unable to agree on protein content of the wheat delivered, Commodity Loan-15, with Section II properly executed, shall be forwarded to the county committee with a sample of the wheat, requesting that the county committee submit such sample to an approved protein testing laboratory. Such laboratory protein determination will be considered final for the purpose of settlement of loan.

4 - Payment of Laboratory Fees in Disputed Grade or Protein Determinations. Payment of charges in connection with determinations of the grade or protein shall be borne by the party or parties requesting such determinations.

(c) Liquidation by Extension. Whenever the extension privilege is applicable the quality of the grain to be resealed must meet the specifications of the applicable loan program and the storage structure shall be in good condition. Where recent inspections have been made and the collateral and structure were in satisfactory condition, reinspection need not be made prior to extending the loan. In the event the county committee has reason to believe that the collateral or structure is not in satisfactory condition, reinspection of the collateral and structure should be made in regular manner prior to the extension of the loan.

(d) Settlements.

1 - Deficiencies. Under the terms of the chattel mortgage, the borrower is liable for any deficiency in quality or quantity of grain delivered. The determination of the amount of deficiency in connection with the delivery of any collateral shall be based on the schedule of rates as set forth in CCC Form 1 and supplements thereto for the commodity, or instructions issued by Agricultural Adjustment Agency. Deficiencies provided for in the schedules indicated above shall be determined by the county committee. Deficiencies not provided for in the schedules indicated above shall be determined by the Regional Director of Commodity Credit Corporation serving the area.

In the event the collateral is delivered to the Corporation any deficiency should be collected by the county committee, if possible, and forwarded with the report, C.C.C. Grain Form W. In the event any storage allowance due the producer is not sufficient to reimburse the Corporation for any deficiency due and such deficiency is not paid by the producer, the Corporation will request a set-off from payments due the producer under any agricultural program administered by the Secretary of Agriculture.

2 - Credits. If the number of bushels of grain delivered is greater than the number of bushels specified in the chattel mortgage, or the grade, (or protein content in case of wheat) is higher than that indicated in the original loan, the producer will be given credit for actual delivery value. Delivery value will be the loan rate per bushel established for the grade (plus protein premium in case of wheat) times the total bushels of such grain delivered. (NOTE: This provision does not apply to grain produced prior grain to 1941).

III - Local Elevator Agreements

All warehousemen who have executed CCC Form H and applicable supplements are eligible to load or store grain for delivery to Commodity Credit

Corporation under the liquidation program. Commodity Credit Corporation will furnish State committees with current lists of eligible warehousemen, indicating those approved for both storage and loading and those approved for loading only. State committees will supply county committees with copies of these lists.

IV - Payment to Producers for Track Loading

Where approved local warehouses are not available, or where it is customary practice for one or more producers to load and ship their own grain, they may request the county committee to recommend approval of such practice by the Regional Director of the Corporation. The producer must agree to accept the terminal weights and grade of grain so delivered. Upon approval the Corporation will furnish the county committee with car order and loading and billing instructions. Commodity Credit Corporation will credit producers with 2 cents per bushel for such track loading.

V - Elevator Receipts, Scale Tickets or Certificates

Grain delivered to Commodity Credit Corporation shall be evidenced by warehouse receipts, scale tickets, or certificates which must be delivered to the county committee. If the grain is to be stored locally, the county committee shall attach the warehouse receipts to C.C.C. Grain Form W and forward, by registered mail, to the office of Commodity Credit Corporation serving the area. If the grain is to be shipped immediately, the county committee shall retain the warehouse receipts, scale tickets, or certificates and surrender them to the warehouseman upon shipment of the grain.

VI - Shipping Instructions and Warehousemen's Reports

(a) Notice. When carload lots of grain similar in grade, class or subclass have been delivered to an approved warehouse for shipment, county committees shall write or wire the Regional Director of Commodity Credit Corporation serving the area for shipping instructions. In requesting shipping instructions, the following information should be furnished: Name of Warehouse, Shipping Point, Railroad, Grade, Class or Subclass, (Protein, in case of wheat), and Number of Bushels. (If there is less than a carload of grain at a delivery point after all deliveries in that locality are completed, the county committee should also furnish the best local bid for such grain). Upon receipt of shipping instructions from the Regional Director of Commodity Credit Corporation, the county committee shall immediately forward such instructions to the warehouseman.

(b) Bills of Lading. Commodity Credit Corporation will instruct all country elevators handling grain for their account to forward bills of lading direct to the Regional Director of the Corporation serving the area. Order-notify bills of lading will be used unless otherwise specified by the Corporation.

(c) Reports of Warehousemen. Commodity Credit Corporation will provide warehousemen who have signed the Uniform Storage Agreement and applicable supplements with C.C.C. Forms X, Y and Z and instructions pertaining to the grain to be handled for its account. Warehousemen will be instructed to attach to the bill of lading a notice indicating the grade of grain shipped. If the grade determination at destination is lower than the grade indicated by the shipper, the consignee should be authorized to request a Federal appeal at the shipper's expense.

(d) Shipments by Truck or Barge to Terminal and Subterminal Warehouses. If shipment by truck or barge appears to be more practical than rail shipment, county committees should write or wire the Regional Director of Commodity Credit Corporation serving the area for approval to make such shipment. The location of the grain, the number of bushels, grade, class or subclass, (protein, in case of wheat), and market to which shipment is to be made should be indicated and also the reasons for such request.

VII - Sales of Collateral by County Committee. After all deliveries of grain are completed, county committees may find that they have less than carload lots of grain at delivery points which cannot be stored locally. No sales of such grain shall be made by county committees except on specific authority from the Regional Director of Commodity Credit Corporation. Small lots located between the point of origin and the point of destination on the same railroad may be combined into carloads on authority from the Regional Director of Commodity Credit Corporation. County committees should arrange to use the warehousemen's clean-out privilege if necessary and such privilege is available.

VIII - Report of Settlement for Farm-Storage Loans

C.C.C. Grain Form W, when completely and correctly executed, will serve as a record and report of the settlement for each farm-storage loan on which an extension of the loan or delivery of the collateral grain was made. Loans that are repaid in their entirety shall be handled by direct payment to the holder of the note or, if handled through the county office, funds shall be transmitted with Commodity Loan Form-29.

Form W shall be completed in duplicate for each serially numbered loan, liquidation of which has been effected by extension of the loan and/or delivery of the grain collateral. Each Form W shall account for the entire number of bushels under the loan which remains unpaid at the time the form is prepared, plus any authorized over-delivery of grain in the bin(s) or crib(s). The original of Form W shall be forwarded to the Regional Director of Commodity Credit Corporation serving the area and the copy shall be retained in the county office.

Heading of Form W

Enter in the heading of Form W the State, county, loan serial number, the date of the loan note, the commodity for which the Form W is being prepared, and the amount of the note. The name of the borrower as shown on the original loan documents, together with the borrower's mailing address, shall be entered on the line provided.

Section I

Enter in Item 1 the total bushels of grain under the original loan, and the amount of the loan, not including storage allowance advanced, if any.

Enter in Item 2 all partial redemptions, including those made at the time of liquidation. The first entry shall be the number of bushels redeemed. The second entry shall be the amount of repayments applicable to the principal amount of the loan, excluding any repayment of storage advance or interest.

Enter in Item 3 the number of bushels of grain remaining under loan and the amount of the loan unpaid. (Item 1 minus Item 2).

Enter in Item 4 the amount of storage allowance, if any, advanced at the time the loan was made, less any portion of such storage allowance repaid to date (not including interest).

Section II

This section shall be used for reporting, on a bin or crib basis, that part of the collateral to remain under seal as security for the extended note. Enter in the space provided the date to which the note is being extended. Complete the schedule by entering, on a bin or crib basis, a description of the collateral remaining under seal. The grade, class and subclass, protein content, if any, and loan rate shall be the same as in the original chattel mortgage. Do not include any storage allowance as a part of the loan rate. Enter the loan value of the grain in each bin. Enter the total number of bushels and total loan value of all grain described.

Section III

This section should be used for describing the grain delivered by the borrower in complete or partial satisfaction of the loan. Enter in Item 1 the name, address, and location of the warehouse to which the borrower delivered such grain for the account of Commodity Credit Corporation. Indicate the name of the railroad or railroads serving the warehouse. The schedule in Item 1 should be used for a description of the collateral delivered to a warehouse. Obtain this information from Commodity Loan-15, warehouse receipt(s) or scale ticket(s) issued by the warehouseman. Enter the loan rate (do not include storage allowance) applicable to the delivered

grain and enter the loan value of such grain. If no loan rate has been established for the quality of grain delivered, the county committee shall request the Regional Director of Commodity Credit Corporation serving the area to furnish a delivery value for use in lieu of a loan rate. This procedure shall be followed for all grains except corn. The delivery value for corn shall be determined by the county committee in accordance with the existing discount schedule for corn which grades less than No. 3.

Enter the total net bushels and total loan or delivery value of the grain described.

The schedule in Item 2 should be used for describing the grain which has been track loaded and shipped direct by the borrower for the account of Commodity Credit Corporation. Terminal weights and grade of grain so delivered must be secured from the Regional Director of Commodity Credit Corporation serving the area before the schedule under this item can be completed. Upon receipt of this information, enter the name, address, location of the warehouse to which the grain was shipped, and a complete description of the grain. This information will include date of shipment, car initial and number, total bushels of grain in the car, grade, (protein content, in case of wheat), net bushels of grain in the car to be credited to the particular loan for which the Form W is being prepared, the applicable loan or delivery rate per bushel, and the loan or delivery value of such grain. Enter the total bushels and total loan or delivery value in the applicable spaces.

Section IV

This section is to be used for determining the final basis for settlement of the loan between the producer and Commodity Credit Corporation. Special care should be taken in preparing this section that no information is overlooked affecting the amount due the producer or the Corporation. The following entries should be made:

- (a) Enter in Item 1 the information in Item 3 of Section I.
- (b) Enter in Item 2 the sum of the total bushels of grain and the sum of the total value in Section II and in Items 1 and 2, Section III.
- (c) Multiply the number of bushels in Item 1 or 2, Section IV, whichever is smaller, by the applicable storage allowance. If the product is less than the entry in Item 4, Section I, enter the difference in Item 3.
- (d) If, as a result of the above computation, the product is greater than the entry in Item 4, Section I, enter the difference in Item 4.

- (e) Enter in Item 5 additional credit, if any, due the producer for track loading for direct shipment, trucking, or other service approved by the Corporation.
- (f) Enter in Item 6 the loan service fee per bushel and the amount obtained by multiplying the service fee per bushel by the number of bushels of authorized overdelivery.
- (g) If the entry in Item 2 exceeds the entry in Item 1, the entry in Item 7 will be the amount in Item 3 times 3 percent per annum. If the entry in Item 1 exceeds the entry in Item 2, the entry in Item 7 will be the difference between Item 1 and Item 2, plus the amount in Item 3, times 3 percent per annum.
- (h) Enter in Item 8 the total debit and total credit.
- (i) Enter in Item 9 the amount, if any, obtained by subtracting the total debit from the total credit in Item 8.
- (j) Enter in Item 10 the amount, if any, obtained by subtracting the total credit from the total debit in Item 8.

The county committee should indicate the documents which are transmitted with Form W by checking the applicable space. If there is a deficiency due the Corporation, indicate the amount of the draft or check enclosed, and/or the amount for which set-off is requested. The sum of these amounts must equal the amount shown in Item 10. C.C.C. Grain Form W must be dated and signed by a member of the county committee prior to transmittal to the regional director of Commodity Credit Corporation serving the area.

B - Warehouse-Storage Loans

I - Notice to Borrower

The county committee, by circular letter, shall notify each borrower having an outstanding warehouse-storage loan of the maturity date of such loan, and explain the liquidation options available. The letter should be mailed to each borrower not later than 30 days prior to the maturity date of the note. Sample copies of suggested letters will be furnished.

II - Borrowers' Liquidation Options

(a) Liquidation by Payment. A producer having a loan on warehouse-stored grain may liquidate his loan on or prior to the maturity date of the note by: (1) paying direct to the lending agency or the Corporation, whichever holds the note, the amount of the note plus interest and request the return of the warehouse receipt and cancelled note; (2) if the producers' note and loan documents are held by an out-of-town lending agency or the

Corporation, the producer may request that they be returned to a local bank for collection; or (3) if the proceeds of the sale of the grain are needed to pay the loan, the producer may contract for the sale of the grain with a local elevator, terminal elevator, commission firm, or otherwise. The purchaser of the grain may obtain the warehouse receipts by delivering to the agency holding the note an order of release from the borrower, and an amount equal to the face value of the note plus accrued interest. Accrued warehouse charges will remain a lien against the warehouse receipt. The county committee will assist borrowers in making contacts and in computing and forwarding the correct amounts due payees.

(b) Extension. In the event an extension of warehouse loans on a specific commodity is permitted, detailed provisions for such extensions will be outlined in a supplement to these instructions.

(c) Failure to Elect Option (a), or Option (b) if Available. If a loan on warehouse-stored grain has not been liquidated by repayment on or prior to the maturity date of the note, or by the extension privilege if applicable to the particular grain under loan, Commodity Credit Corporation will take over the pledged warehouse receipts in satisfaction of the loan and will return the note and loan agreement marked paid.

C - Records and Reports

State and county committees shall keep such records and reports regarding grain loan liquidation as may be required by the Agricultural Adjustment Agency. Instructions concerning records and reports which are deemed necessary for the proper administration of the grain loan liquidation program will be contained in supplements to Commodity Loan 2, Part III.

D - Return of Farm-Storage Loan Documents

Upon receipt of C.C.C. Grain Form W, "Farm-Storage Settlement," indicating complete liquidation of a loan and settlement of deficiencies, if any, the producer's note will be marked "Paid" and returned to the county committee by the Commodity Credit Corporation for transmittal to the producer. County committees shall release the chattel mortgage of record upon notification by Commodity Credit Corporation or other lending agency that the loan note has been fully satisfied.

Commodity Loan-15
United States Department of Agriculture
Agricultural Adjustment Agency

State _____
County _____
Loan Serial No. _____
Date of Note _____
Amount of Loan \$ _____
Total Bushels _____
Year Produced _____

(Name and Address of Borrower)

You are hereby instructed to deliver the grain described below in accordance with the terms of the chattel mortgage securing the note described above.

Delivery Instructions

Commodity _____

Seal No. _____	Grade _____	Protein* _____	Bushels _____
Seal No. _____	Grade _____	Protein _____	Bushels _____
Seal No. _____	Grade _____	Protein _____	Bushels _____

Deliver to _____
(Name and Address of Warehouse or Steel-Bin Site)

on _____
(Date(s) of Delivery)**

_____ County Agricultural Conservation Association

_____ (Chairman
_____ (Secretary) (Date)

This form should be prepared in quadruplicate. The original shall be forwarded to the borrower, first copy to the warehouseman, and second and third copies retained in the county office file. Upon completion of delivery, the original and first copy (borrower's and warehouseman's) properly executed shall be returned to the county committee with scale tickets, warehouse receipts, or grade certificates and samples of grain, if samples secured. The county committee shall complete the second and third copies of Commodity Loan-15, typing the signatures of the borrower and warehouseman and all the data appearing in Section I or Section II. If Section I has been completed, the second and third copies shall be returned to the borrower and warehouseman; the original bearing written signatures of borrower and warehouseman retained in the county office files, and the first copy bearing written signature of the borrower and warehouseman forwarded to Commodity Credit Corporation, together with C.C.C. Grain Form W. If Section II has been completed, one-half the sample shall be forwarded to a Federally licensed inspector for grade determination as requested, and upon receipt of grade certificate from the Federal inspector all factors shall be entered in Section I and notation made indicating grade determination was secured from a Federal inspector and the same distribution shall be made on Commodity Loan-15 as outlined above. C.C.C. Grain Form W shall not be prepared until it has been determined both the borrower and warehouseman are satisfied with the grade and do not desire a Federal appeal inspection.

* No entries for corn.

** If unable to deliver on date(s) indicated, notify county committee immediately.

SECTION I PRODUCER AND WAREHOUSEMAN'S GRADE CERTIFICATION

The undersigned hereby certify (1) that a representative sample was secured from each lot of grain described above at the time it was delivered, (2) that it is mutually agreed such grain graded as indicated in the schedule below, (3) the warehouseman certifies that he will issue to Commodity Credit Corporation warehouse receipt(s), storage certificate(s), or scale tickets, as directed, for the number of bushels and grade(s) of grain set forth in the schedule below. (If the grade agreed upon is lower than the grade shown on the loan documents, a representative sample properly identified must be forwarded to the county committee with Commodity Loan-15, and attachments).

:Mois-	Test	: Grade	:	:Foreign	:Weevily:	:	:	:	:
Seal:	ture	:Weight:	Class	:Total:	Material:	Musty	: Heat	:	:Pro-: Net
No(s):	Con-	Per	: and	:Dam-	:(Cracked:	Sour	:Damage:	Dock:	tein: Bushels
:tent	:Bushel:	Subclass:	age	: Corn)	: Etc.	:	:	:	:Delivered
:	:	:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:	:	:

(Date)

(Signature of Borrower or Agent)

(Date)

(Signature of Warehouseman)

SECTION II DISAGREEMENT AS TO GRADE OR PROTEIN CONTENT AND REQUEST FOR GRADE OR PROTEIN DETERMINATION

The undersigned hereby certify that a representative sample was taken of each bin of grain delivered under the above-described loan and we are unable to agree as to the grade ()* or protein content ()* of grain delivered, identified by seal number(s) _____, and (a) sample(s) for such seal number(s) is/are herewith transmitted to the county committee with a request that each sample be divided into two equal parts and one sample forwarded to a Federally licensed laboratory for grade determination. It is understood that if either of the undersigned parties is not satisfied with such grade, the county committee, upon written request from the party not satisfied with such grade determination, shall forward the second sample to a Federal Grain Supervision office, whose grade determination shall be final. It is further understood that the cost of grading by the Federally licensed laboratory, the Federal Grain Supervision office, or protein determination by an approved laboratory shall be assumed by the party or parties making request for grade or protein determination and shall accompany such request when transmitted to the county committee. The protein content determined by an approved laboratory shall be considered final.

(Date)

(Signature of Borrower or Authorized Agent)

(Date)

(Signature of Warehouseman)

* Place check mark in applicable block(s)